



Request for City Council Committee Action from the Department of Community Planning & Economic Development

Date: December 9, 2014

To: Council Member Lisa Goodman, Chair, Community Development and Regulatory Services Committee

Subject: Downtown East Commons: City-MPRB Memorandum of Understanding

Recommendation: Authorize City staff to execute a Memorandum of Understanding with the Minneapolis Park and Recreation Board (MPRB) providing for conveyance and lease back of the Downtown East Commons

Previous Directives:

On July 19, 2013, the City Council authorized staff to negotiate term sheets with Ryan Companies and the Minnesota Sports Facilities Authority (MSFA) consistent with the general conceptual framework for the Downtown East project. On October 4, 2013, the City Council established a Park Committee to formulate a vision for the new green space. On December 13, 2013, the City Council approved a term sheet with Ryan Companies US, Inc. (Ryan) and MSFA for the Downtown East project, adopted resolutions related to the financing, and authorized City officials to execute necessary agreements.

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Presenter in Committee: Miles Mercer

Financial Impact

Pursuant to the agreements of the Downtown East development project, the City is already obligated to purchase The Commons property and has financing in place to do so.

Community Impact

Neighborhood Notification: The Elliot Park neighborhood and the East Downtown Council have both issued letters (dated July 8, 2013 and June 28, 2013, respectively) that are generally supportive of the broader Downtown East project's overall development concept. Ryan provided an update on the Downtown East project to joint meetings of the Elliot Park/East Downtown Council/Downtown Minneapolis Neighborhood Association on January 16, 2014 and on May 15, 2014

City Goals: Great Places, Living Well, A Hub of Economic Activity

Comprehensive Plan: The blocks are guided for Mixed Use. On December 2, 2013, the City Planning Commission found the construction of the new green space as consistent with the Comprehensive Plan.

Zoning Code: The easterly block is zoned B4N, the westerly block is zoned B4S-2

Background Information

One component of the five-block Downtown East development project is the development of a green space on one and two-thirds of the blocks. This space is currently referred to as the "Downtown East Commons" (The Commons).

Under existing agreements for the Downtown East project, Ryan will clear the site of an existing building and make certain basic improvements to the infrastructure and utilities servicing the property by July 1, 2016. Upon this date, Ryan will transfer ownership of the improved property to the City. Financing for this acquisition is in place.

Staffs of the City and MPRB have negotiated a proposed Memorandum of Understanding that establishes a framework for the City and MPRB to cooperate in the ownership and operation of The Commons in order to promote the public interest and ensure compliance with state law and the City Charter.

MPRB plans to consider approval of the MOU at a committee meeting on December 3 and at the full board meeting on December 17. The City Council is considering approval of the MOU with this report.

Memorandum of Understanding

Attached to this report is the full proposed Memorandum of Understanding between the City and MPRB related to the Downtown East Commons. Key provisions of the MOU include:

- After the City acquires The Commons property from Ryan pursuant to the existing Downtown East agreements, the City will transfer title of the property to MPRB at no cost.
- Contemporaneously, MPRB will lease back the property to the City pursuant to a ground lease, the form of which is an exhibit to the MOU. The ground lease will run as long as the Urban Park Use Agreement is in place. That agreement has an initial term of 30 years with options for extension for a total term of no longer than 50 years. There will be no rent for the ground lease. The MPRB will have no financial obligations for The Commons during the term of the lease.
- At the end of the ground lease, the City will surrender the property back to the MPRB for use as a park. The property will be in as-is condition, however any existing improvements must meet current state and city building codes and be in reasonable operating condition so as not to require immediate repair.
- City staff will collaborate with MPRB staff during the design phase of The Commons by including an MPRB staff representative on the technical advisory committee that will advise the City on the design, development, and

operations process. The City will engage the public during the design process and publicize opportunities that do so. The City, however, will retain final design approval.

- Enhancements, if any, to The Commons continue to be contingent on the availability of funding through fundraising or other sources.
- The City has the right to sublease part or all of The Commons and to contract with a conservancy (such as the new Greening Downtown Minneapolis nonprofit) or other oversight body to operate and maintain The Commons. If a conservancy model is chosen, the City will require that MPRB have representation on the board of any such organization.